

Service Date: April 23, 2001

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF MONTANA POWER)	UTILITY DIVISION
COMPANY, Application for Increase in)	
Balancing Penalty Rate Applicable to Gas)	DOCKET NO. D2000.12.211
Transportation Services, Schedules T-FTG-1)	
and T-ITG-1)	ORDER NO. 6317a

FINAL ORDER

1. On December 22, 2000, Montana Power Company (MPC) filed an application before the Public Service Commission (PSC) requesting approval of a change in the balancing penalty rate applicable to MPC's firm and interruptible natural gas transportation services, MPC tariff schedules T-FTG-1 and T-ITG-1. On January 3, 2001, the PSC publicly noticed MPC's request, providing an opportunity for interested persons to participate in the matter. On January 11, 2001, the PSC issued an Interim Order (Order No. 6317), approving MPC's request on a temporary basis, and that order has remained in effect since that time. No person has requested intervention, provided comments, or otherwise responded to the PSC's notice pertaining to this matter.

2. In its application MPC requests that the existing MPC balancing penalty rate of \$25 / dkt be changed to be the greater of \$25 / dkt or 150 percent of the NOVA (AECO-C, NIT) price as quoted in Gas Daily's Daily Price Survey, converted to U. S. dollars. MPC suggests that the present environment of increasing and volatile prices of natural gas may reasonably be expected to create circumstances under which shippers might have an economic incentive to simply pay the existing balancing penalty rather than ship gas. MPC states that this could disrupt the integrity of the MPC system and create a system reliability risk.

3. The PSC determines that MPC's request should be approved on a final basis and so orders. MPC is authorized, on a final basis, to amend the balancing penalty rate in MPC tariff schedules T-FTG-1 and T-ITG-1 from "\$25 / dkt" to "the greater of \$25 / dkt or 150 percent of the NOVA (AECO-C, NIT) price as quoted in Gas Daily's Daily Price Survey, converted to U. S. dollars."

Done and dated this 17th day of April, 2001, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GARY FELAND, Chairman

JAY STOVALL, Vice-Chairman

BOB ANDERSON, Commissioner

MATT BRAINARD, Commissioner

BOB ROWE, Commissioner

ATTEST:

Rhonda Simmons
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.